

State of Wisconsin  
2009 - 2010 LEGISLATURE

LRB-1675/2<sup>3</sup>  
MES:jld&kjf:ph

(PMA)

DOA:.....Lillethun, BB0494 - Individual income tax; create a new upper bracket

FOR 2009-11 BUDGET -- NOT READY FOR INTRODUCTION

X

do not  
gen

1

AN ACT ...; **relating to:** creating a new individual income tax upper bracket.

---

*Analysis by the Legislative Reference Bureau*

**TAXATION**

**INCOME TAXATION**

Under current law, there are four income tax brackets for single individuals, certain fiduciaries, heads of households, and married persons. The brackets are indexed for inflation. The rate of taxation under current law for the lowest bracket for single individuals, certain fiduciaries, heads of households, and married persons is 4.6 percent of taxable income; the rate for the second bracket is 6.15 percent; the rate for the third bracket is 6.5 percent; and the rate for the highest bracket is 6.75 percent.

Currently, the highest bracket applies to taxable income exceeding \$112,500 for single individuals, certain fiduciaries, and heads of households. For married persons, the highest current bracket applies to taxable income exceeding \$150,000 for joint filers and \$75,000 for separate filers.

This bill creates a fifth bracket with a taxation rate of 7.75 percent. For single individuals, certain fiduciaries, and heads of households, this bracket applies to taxable income exceeding \$187,500. For married persons, this bracket applies to taxable income exceeding \$250,000 for joint filers and \$125,000 for separate filers.

NO  
\$

This bracket is indexed for inflation starting with taxable year 2010. ✓

For further information see the **state** fiscal estimate, which will be printed as an appendix to this bill.

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***The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:***

1           **SECTION 1.** 71.06 (1p) (d) of the statutes is amended to read:

2           71.06 (1p) (d) On all taxable income exceeding \$112,500 but not exceeding  
3           \$187,500, 6.75%.

4           **SECTION 2.** 71.06 (1p) (e) of the statutes is created to read:

5           71.06 (1p) (e) On all taxable income exceeding \$187,500, 7.75 percent.

6           **SECTION 3.** 71.06 (2) (g) 4. of the statutes is amended to read:

7           71.06 (2) (g) 4. On all taxable income exceeding \$150,000 but not exceeding  
8           \$250,000, 6.75%.

9           **SECTION 4.** 71.06 (2) (g) 5. of the statutes is created to read:

10          71.06 (2) (g) 5. On all taxable income exceeding \$250,000, 7.75 percent.

11          **SECTION 5.** 71.06 (2) (h) 4. of the statutes is amended to read:

12          71.06 (2) (h) 4. On all taxable income exceeding \$75,000 but not exceeding  
13          \$125,000, 6.75%.

14          **SECTION 6.** 71.06 (2) (h) 5. of the statutes is created to read:

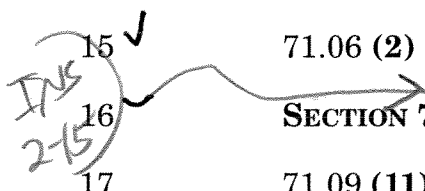
15          71.06 (2) (h) 5. On all taxable income exceeding \$125,000, 7.75 percent.

16          **SECTION 7.** 71.09 (11) (e) of the statutes is created to read:

17          71.09 (11) (e) The taxpayer has underpaid the taxpayer's estimated taxes due  
18          to the change in brackets under s. 71.06 (1p) (e) and (2) (g) 5. and (h) 5. This  
19          paragraph applies only in the first taxable year to which these bracket changes apply.

20          **SECTION 9343. Initial applicability; Revenue.**

IXS  
2-15



(1) INDIVIDUAL INCOME TAX BRACKETS. The treatment of sections 71.06 (1p) (d) and (e) and (2) (g) 4. and 5. and (h) 4. and 5. and 71.09 (11) (e) of the statutes first applies to taxable years beginning on January 1 of the year in which this subsection takes effect, except that if this subsection takes effect after ~~July~~ <sup>August</sup> 31 the treatment of sections 71.06 (1p) (d) and (e) and (2) (g) 4. and 5. and (h) 4. and 5. and 71.09 (11) (e) of the statutes first applies to taxable years beginning on January 1 of the year following the year in which this subsection takes effect.

(END)

**2009-2010 DRAFTING INSERT**  
**FROM THE**  
**LEGISLATIVE REFERENCE BUREAU**

LRB-1675/2ins  
MES:jld&kjf:ph

1 INS 2-15

2 **SECTION 1.** 71.06 (2e) of the statutes is renumbered 71.06(2e)(a) and amended

3 to read:

4 71.06 (2e) (a) BRACKET INDEXING For taxable years beginning after  
5 December 31, 1998, and before January 1, 2000, the maximum dollar amount in  
6 each tax bracket, and the corresponding minimum dollar amount in the next bracket,  
7 under subs. (1m) and (2) (c) and (d), and for taxable years beginning after  
8 December 31, 1999, the maximum dollar amount in each tax bracket, and the  
9 corresponding minimum dollar amount in the next bracket, under subs. (1n), (1p) (a)  
10 to ~~the~~ <sup>(c)</sup> and (2) (e), (f), (g) 1. to ~~the~~ <sup>3</sup>, and (h) 1. to ~~the~~ <sup>3</sup>, shall be increased each year by a  
11 percentage equal to the percentage change between the U.S. consumer price index  
12 for all urban consumers, U.S. city average, for the month of August of the previous  
13 year and the U.S. consumer price index for all urban consumers, U.S. city average,  
14 for the month of August 1997, as determined by the federal department of labor,  
15 except that for taxable years beginning after December 31, 2000, and before January  
16 1, 2002, the dollar amount in the top bracket under subs. (1p) (c) and (d), (2) (g) 3.  
17 and 4. and (h) 3. and 4. shall be increased by a percentage equal to the percentage  
18 change between the U.S. consumer price index for all urban consumers, U.S. city  
19 average, for the month of August of the previous year and the U.S. consumer price  
20 index for all urban consumers, U.S. city average, for the month of August 1999, as  
21 determined by the federal department of labor. Each amount that is revised under  
22 this ~~subsection~~ paragraph shall be rounded to the nearest multiple of \$10 if the

↓

✓ and the dollar amount in the top  
bracket under subs. (1p) (e) ✓ and (2) (g) 5. ✓ and  
(h) 5. ✓

1 revised amount is not a multiple of \$10 or, if the revised amount is a multiple of \$5,  
2 such an amount shall be increased to the next higher multiple of \$10. The  
3 department of revenue shall annually adjust the changes in dollar amounts required  
4 under this subsection paragraph ✓ and incorporate the changes into the income tax  
5 forms and instructions.

History: 1987 a. 312; 1989 a. 31; 1993 a. 16; 1997 a. 27, 41, 237; 1999 a. 9; 2001 a. 16.

6 **SECTION 2.** 71.06 (2e) (b) of the statutes is created to read:

7 71.06 (2e) (b) For taxable years beginning after ✓ December 31, 2009, the  
8 maximum dollar amount in each tax bracket, and the corresponding minimum dollar  
9 amount in the next bracket, under subs. (1p) (d) ✓ and (2) (g) 4. ✓ and (h) 4. ✓, shall be  
10 increased each year by a percentage equal to the percentage change between the U.S.  
11 consumer price index ✓ for all urban consumers, U.S. city average, ✓ for the month of  
12 August of the previous year ✓ and the ✓ U.S. consumer price index for all urban  
13 consumers, U.S. city average, ✓ for the month of August 2008, ✓ as determined by the  
14 federal department of labor. ✓ Each amount that is revised under this ✓ paragraph shall  
15 be rounded to the nearest multiple of \$10 ✓ if the revised amount is not a multiple of  
16 \$10 or, if the revised amount is a multiple of \$5, ✓ such an amount shall be increased  
17 to the next higher multiple of \$10. ✓ The department of revenue shall annually adjust  
18 the changes in dollar amounts required under this paragraph ✓ and incorporate the  
19 changes into the income tax forms and instructions. ✓

(end ins 2-15)



State of Wisconsin  
2009 - 2010 LEGISLATURE

LRB-1675/3  
MES:jld&kjf.md

RMR

DOA:.....Lillethun, BB0494 - Individual income tax; create a new upper bracket

FOR 2009-11 BUDGET -- NOT READY FOR INTRODUCTION

NOTE

do not pass

1 AN ACT ...; relating to: creating a new individual income tax upper bracket.

*Analysis by the Legislative Reference Bureau*

**TAXATION**

**INCOME TAXATION**

Under current law, there are four income tax brackets for single individuals, certain fiduciaries, heads of households, and married persons. The brackets are indexed for inflation. The rate of taxation under current law for the lowest bracket for single individuals, certain fiduciaries, heads of households, and married persons is 4.6 percent of taxable income; the rate for the second bracket is 6.15 percent; the rate for the third bracket is 6.5 percent; and the rate for the highest bracket is 6.75 percent.

Currently, the highest bracket applies to taxable income exceeding \$112,500 for single individuals, certain fiduciaries, and heads of households. For married persons, the highest current bracket applies to taxable income exceeding \$150,000 for joint filers and \$75,000 for separate filers.

This bill creates a fifth bracket with a taxation rate of 7.75 percent. For single individuals, certain fiduciaries, and heads of households, this bracket applies to taxable income exceeding \$187,500. For married persons, this bracket applies to taxable income exceeding \$250,000 for joint filers and \$125,000 for separate filers. This bracket is indexed for inflation starting with taxable year 2010.

For further information see the **state** fiscal estimate, which will be printed as an appendix to this bill.

---

***The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:***

1       **SECTION 1.** 71.06 (1p) (d) of the statutes is amended to read:

2       71.06 (1p) (d) On all taxable income exceeding \$112,500 but not exceeding  
3       \$187,500, 6.75%.

4       **SECTION 2.** 71.06 (1p) (e) of the statutes is created to read:

5       71.06 (1p) (e) On all taxable income exceeding \$187,500, 7.75 percent.

6       **SECTION 3.** 71.06 (2) (g) 4. of the statutes is amended to read:

7       71.06 (2) (g) 4. On all taxable income exceeding \$150,000 but not exceeding  
8       \$250,000, 6.75%.

9       **SECTION 4.** 71.06 (2) (g) 5. of the statutes is created to read:

10       71.06 (2) (g) 5. On all taxable income exceeding \$250,000, 7.75 percent.

11       **SECTION 5.** 71.06 (2) (h) 4. of the statutes is amended to read:

12       71.06 (2) (h) 4. On all taxable income exceeding \$75,000 but not exceeding  
13       \$125,000, 6.75%.

14       **SECTION 6.** 71.06 (2) (h) 5. of the statutes is created to read:

15       71.06 (2) (h) 5. On all taxable income exceeding \$125,000, 7.75 percent.

16       **SECTION 7.** 71.06 (2e) of the statutes is renumbered 71.06 (2e) (a) and amended  
17       to read:

18       71.06 (2e) (a) For taxable years beginning after December 31, 1998, and before  
19       January 1, 2000, the maximum dollar amount in each tax bracket, and the  
20       corresponding minimum dollar amount in the next bracket, under subs. (1m) and (2)  
21       (c) and (d), and for taxable years beginning after December 31, 1999, the maximum

1 dollar amount in each tax bracket, and the corresponding minimum dollar amount  
2 in the next bracket, under subs. (1n), (1p) (a) to (c), and (2) (e), (f), (g) 1. to 3., and (h)  
3 1. to 3., shall be increased each year by a percentage equal to the percentage change  
4 between the U.S. consumer price index for all urban consumers, U.S. city average,  
5 for the month of August of the previous year and the U.S. consumer price index for  
6 all urban consumers, U.S. city average, for the month of August 1997, as determined  
7 by the federal department of labor, except that for taxable years beginning after  
8 December 31, 2000, and before January 1, 2002, the dollar amount in the top bracket  
9 under subs. (1p) (c) and (d), (2) (g) 3. and 4. and (h) 3. and 4. shall be increased by a  
10 percentage equal to the percentage change between the U.S. consumer price index  
11 for all urban consumers, U.S. city average, for the month of August of the previous  
12 year and the U.S. consumer price index for all urban consumers, U.S. city average,  
13 for the month of August 1999, as determined by the federal department of labor.  
14 Each amount that is revised under this subsection paragraph shall be rounded to the  
15 nearest multiple of \$10 if the revised amount is not a multiple of \$10 or, if the revised  
16 amount is a multiple of \$5, such an amount shall be increased to the next higher  
17 multiple of \$10. The department of revenue shall annually adjust the changes in  
18 dollar amounts required under this subsection paragraph and incorporate the  
19 changes into the income tax forms and instructions.

20 **SECTION 8.** 71.06 (2e) (b) of the statutes is created to read:

21 71.06 (2e) (b) For taxable years beginning after December 31, 2009, the  
22 maximum dollar amount in each tax bracket, and the corresponding minimum dollar  
23 amount in the next bracket, under subs. (1p) (d) and (2) (g) 4. and (h) 4., and the dollar  
24 amount in the top bracket under subs. (1p) (e) and (2) (g) 5. and (h) 5., shall be  
25 increased each year by a percentage equal to the percentage change between the U.S.



1 consumer price index for all urban consumers, U.S. city average, for the month of  
2 August of the previous year and the U.S. consumer price index for all urban  
3 consumers, U.S. city average, for the month of August 2008, as determined by the  
4 federal department of labor. Each amount that is revised under this paragraph shall  
5 be rounded to the nearest multiple of \$10 if the revised amount is not a multiple of  
6 \$10 or, if the revised amount is a multiple of \$5, such an amount shall be increased  
7 to the next higher multiple of \$10. The department of revenue shall annually adjust  
8 the changes in dollar amounts required under this paragraph and incorporate the  
9 changes into the income tax forms and instructions.

10 **SECTION 9.** 71.09 (11) <sup>(f)</sup> of the statutes is created to read:

11 71.09 (11) <sup>(f)</sup> The taxpayer has underpaid the taxpayer's estimated taxes due  
12 to the change in brackets under s. 71.06 (1p) (e) and (2) (g) 5. and (h) 5. This  
13 paragraph applies only in the first taxable year to which these bracket changes apply.

14 **SECTION 9343. Initial applicability; Revenue.**

15 (1) INDIVIDUAL INCOME TAX BRACKETS. The treatment of sections 71.06 (1p) (d)  
16 and (e) and (2) (g) 4. and 5. and (h) 4. and 5. and 71.09 (11) <sup>f</sup> of the statutes first  
17 applies to taxable years beginning on January 1 of the year in which this subsection  
18 takes effect, except that if this subsection takes effect after August 31 the treatment  
19 of sections 71.06 (1p) (d) and (e) and (2) (g) 4. and 5. and (h) 4. and 5. and 71.09 (11)  
20 <sup>f</sup> of the statutes first applies to taxable years beginning on January 1 of the year  
21 following the year in which this subsection takes effect.

22 (END)

0-NOTE

Chad Lillethun

This version of the bill makes a technical change  
for reconciliation purposes. This draft reconciles

LRB-1675/3 and LRB-1239/1. Both LRB-1675 and LRB-1239 should  
continue to appear in the  
compiled bill.

**DRAFTER'S NOTE**  
**FROM THE**  
**LEGISLATIVE REFERENCE BUREAU**

LRB-1675/4dn  
MES:jld:md

January 30, 2009

Chad Lillethun:

This version of the bill makes a technical change for reconciliation purposes. This draft reconciles LRB-1675/3 and LRB-1239/1. Both LRB-1675 and LRB-1239 should continue to appear in the compiled bill.

Marc E. Shovers  
Managing Attorney  
Phone: (608) 266-0129  
E-mail: [marc.shovers@legis.wisconsin.gov](mailto:marc.shovers@legis.wisconsin.gov)

**Shovers, Marc**

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**From:** Lillethun, Chad W - DOA [Chad.Lillethun@wisconsin.gov]  
**Sent:** Monday, February 02, 2009 5:21 PM  
**To:** Lillethun, Chad W - DOA; Shovers, Marc  
**Cc:** Grinde, Kirsten - DOA; Hanaman, Cathlene; Kraus, Jennifer - DOA  
**Subject:** RE: Individual Income Tax Draft Change - LRB 1675

Marc - Sorry, correction on the last email -make that \$375,00 for Singles / Hoh.

Singles/Hoh - \$375,000

Married - Joint: \$500,000

Married - Separate - \$250,000

-Chad

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**From:** Lillethun, Chad W - DOA  
**Sent:** Monday, February 02, 2009 5:18 PM  
**To:** Shovers, Marc - LEGIS  
**Cc:** Grinde, Kirsten - DOA; Hanaman, Cathlene - LEGIS; Kraus, Jennifer - DOA  
**Subject:** Individual Income Tax Draft Change - LRB 1675

Marc,

Here is the other draft change we're wanting to make. For the individual income tax proposal where we create a new bracket at 7.75%, please change the income thresholds for applicable individuals to be as follows:

Singles/Hoh - \$350,000

Married - Joint: \$500,000

Married - Separate - \$250,000

The effective date should remain for tax year 2009. Let me know if you have any questions.

Thanks.

-Chad



State of Wisconsin  
2009 - 2010 LEGISLATURE

LRB-1675/4<sup>5</sup>

MES:jld&kjf:md

stays

PMA

DOA:.....Lillethun, BB0494 - Individual income tax; create a new upper bracket

FOR 2009-11 BUDGET -- NOT READY FOR INTRODUCTION

D-NOTE

do NOT  
not gen

1 AN ACT ...; relating to: creating a new individual income tax upper bracket.

*Analysis by the Legislative Reference Bureau*

**TAXATION**

**INCOME TAXATION**

Under current law, there are four income tax brackets for single individuals, certain fiduciaries, heads of households, and married persons. The brackets are indexed for inflation. The rate of taxation under current law for the lowest bracket for single individuals, certain fiduciaries, heads of households, and married persons is 4.6 percent of taxable income; the rate for the second bracket is 6.15 percent; the rate for the third bracket is 6.5 percent; and the rate for the highest bracket is 6.75 percent.

Currently, the highest bracket applies to taxable income exceeding \$112,500 for single individuals, certain fiduciaries, and heads of households. For married persons, the highest current bracket applies to taxable income exceeding \$150,000 for joint filers and \$75,000 for separate filers.

This bill creates a fifth bracket with a taxation rate of 7.75 percent. For single individuals, certain fiduciaries, and heads of households, this bracket applies to taxable income exceeding ~~\$112,500~~ <sup>375,000</sup>. For married persons, this bracket applies to taxable income exceeding ~~\$150,000~~ <sup>500,000</sup> for joint filers and ~~\$75,000~~ <sup>250,000</sup> for separate filers. This bracket is indexed for inflation starting with taxable year 2010.

For further information see the **state** fiscal estimate, which will be printed as an appendix to this bill.

***The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:***

1       **SECTION 1.** 71.06 (1p) (d) of the statutes is amended to read:

2       71.06 (**1p**) (d) On all taxable income exceeding \$112,500 but not exceeding  
3       ~~\$187,500~~, 6.75%.       375,000

4       **SECTION 2.** 71.06 (1p) (e) of the statutes is created to read:

5       71.06 (**1p**) (e) On all taxable income exceeding ~~\$187,500~~ 375,000, 7.75 percent.

6       **SECTION 3.** 71.06 (2) (g) 4. of the statutes is amended to read:

7       71.06 (**2**) (g) 4. On all taxable income exceeding \$150,000 but not exceeding  
8       ~~\$250,000~~, 6.75%.       500,000

9       **SECTION 4.** 71.06 (2) (g) 5. of the statutes is created to read:

10       71.06 (**2**) (g) 5. On all taxable income exceeding ~~\$250,000~~ 500,000, 7.75 percent.

11       **SECTION 5.** 71.06 (2) (h) 4. of the statutes is amended to read:

12       71.06 (**2**) (h) 4. On all taxable income exceeding \$75,000 but not exceeding  
13       ~~\$125,000~~, 6.75%.       250,000

14       **SECTION 6.** 71.06 (2) (h) 5. of the statutes is created to read:

15       71.06 (**2**) (h) 5. On all taxable income exceeding ~~\$125,000~~ 250,000, 7.75 percent.

16       **SECTION 7.** 71.06 (2e) of the statutes is renumbered 71.06 (2e) (a) and amended  
17       to read:

18       71.06 (**2e**) (a) For taxable years beginning after December 31, 1998, and before  
19       January 1, 2000, the maximum dollar amount in each tax bracket, and the  
20       corresponding minimum dollar amount in the next bracket, under subs. (1m) and (2)  
21       (c) and (d), and for taxable years beginning after December 31, 1999, the maximum

dollar amount in each tax bracket, and the corresponding minimum dollar amount in the next bracket, under subs. (1n), (1p) (a) to (c), and (2) (e), (f), (g) 1. to 3., and (h) 1. to 3., shall be increased each year by a percentage equal to the percentage change between the U.S. consumer price index for all urban consumers, U.S. city average, for the month of August of the previous year and the U.S. consumer price index for all urban consumers, U.S. city average, for the month of August 1997, as determined by the federal department of labor, except that for taxable years beginning after December 31, 2000, and before January 1, 2002, the dollar amount in the top bracket under subs. (1p) (c) and (d), (2) (g) 3. and 4. and (h) 3. and 4. shall be increased by a percentage equal to the percentage change between the U.S. consumer price index for all urban consumers, U.S. city average, for the month of August of the previous year and the U.S. consumer price index for all urban consumers, U.S. city average, for the month of August 1999, as determined by the federal department of labor. Each amount that is revised under this subsection paragraph shall be rounded to the nearest multiple of \$10 if the revised amount is not a multiple of \$10 or, if the revised amount is a multiple of \$5, such an amount shall be increased to the next higher multiple of \$10. The department of revenue shall annually adjust the changes in dollar amounts required under this subsection paragraph and incorporate the changes into the income tax forms and instructions.

**SECTION 8.** 71.06 (2e) (b) of the statutes is created to read:

71.06 **(2e)** (b) For taxable years beginning after December 31, 2009, the maximum dollar amount in each tax bracket, and the corresponding minimum dollar amount in the next bracket, under subs. (1p) (d) and (2) (g) 4. and (h) 4., and the dollar amount in the top bracket under subs. (1p) (e) and (2) (g) 5. and (h) 5., shall be increased each year by a percentage equal to the percentage change between the U.S.

1 consumer price index for all urban consumers, U.S. city average, for the month of  
2 August of the previous year and the U.S. consumer price index for all urban  
3 consumers, U.S. city average, for the month of August 2008, as determined by the  
4 federal department of labor. Each amount that is revised under this paragraph shall  
5 be rounded to the nearest multiple of \$10 if the revised amount is not a multiple of  
6 \$10 or, if the revised amount is a multiple of \$5, such an amount shall be increased  
7 to the next higher multiple of \$10. The department of revenue shall annually adjust  
8 the changes in dollar amounts required under this paragraph and incorporate the  
9 changes into the income tax forms and instructions.

10 **SECTION 9.** 71.09 (11) (f) of the statutes is created to read:

11 71.09 (11) (f) The taxpayer has underpaid the taxpayer's estimated taxes due  
12 to the change in brackets under s. 71.06 (1p) (e) and (2) (g) 5. and (h) 5. This  
13 paragraph applies only in the first taxable year to which these bracket changes apply.

14 **SECTION 9343. Initial applicability; Revenue.**

15 (1) INDIVIDUAL INCOME TAX BRACKETS. The treatment of sections 71.06 (1p) (d)  
16 and (e) and (2) (g) 4. and 5. and (h) 4. and 5. and 71.09 (11) (f) of the statutes first  
17 applies to taxable years beginning on January 1 of the year in which this subsection  
18 takes effect, except that if this subsection takes effect after August 31 the treatment  
19 of sections 71.06 (1p) (d) and (e) and (2) (g) 4. and 5. and (h) 4. and 5. and 71.09 (11)  
20 (f) of the statutes first applies to taxable years beginning on January 1 of the year  
21 following the year in which this subsection takes effect.

22 (END)

**DRAFTER'S NOTE**  
**FROM THE**  
**LEGISLATIVE REFERENCE BUREAU**

January 30, 2009

LRB-1675/4dn  
MES:jld:md

g's

Chad Lillethun:

*changes the amounts at which the  
new tax bracket applies.*

This version of the bill makes a technical change for reconciliation purposes. This draft reconciles LRB-1675/4 and LRB-1239/1. Both LRB-1675 and LRB-1239 should continue to appear in the compiled bill.

*continues  
to*

*STET:  
leave  
as typed*

Marc E. Shovers  
Managing Attorney  
Phone: (608) 266-0129  
E-mail: marc.shovers@legis.wisconsin.gov



**DRAFTER'S NOTE  
FROM THE  
LEGISLATIVE REFERENCE BUREAU**

LRB-1675/5dn  
MES:jld:ph

February 3, 2009

Chad Lillethun:

This version of the bill changes the amounts at which the new tax bracket applies. This draft continues to reconcile LRB-1675/3 and LRB-1239/1. Both LRB-1675 and LRB-1239 should continue to appear in the compiled bill.

Marc E. Shovers  
Managing Attorney  
Phone: (608) 266-0129  
E-mail: [marc.shovers@legis.wisconsin.gov](mailto:marc.shovers@legis.wisconsin.gov)

**Shovers, Marc**

---

**From:** Lillethun, Chad W - DOA [Chad.Lillethun@wisconsin.gov]  
**Sent:** Thursday, February 12, 2009 9:13 AM  
**To:** Shovers, Marc  
**Cc:** Hanaman, Cathlene; Kraus, Jennifer - DOA; Grinde, Kirsten - DOA  
**Subject:** FW: Revised Change to Individual Income Tax Bracket - 7.75% (Draft LRB 1675)  
**Importance:** High

Hi Marc, I should know by now to never call any change "final" as I did last night. As of this morning, this has changed. The new parameters are as follows for tax filers: For single individuals, certain fiduciaries, and heads of households, this bracket applies to taxable income exceeding \$225,000. For married persons, this bracket applies to taxable income exceeding \$300,000 for joint filers and \$150,000 for separate filers.

Thanks,

-Chad

---

**From:** Lillethun, Chad W - DOA  
**Sent:** Wednesday, February 11, 2009 6:18 PM  
**To:** Shovers, Marc - LEGIS  
**Cc:** Beadles, Kathleen - DOA; Kraus, Jennifer - DOA; Hanaman, Cathlene - LEGIS; Grinde, Kirsten - DOA  
**Subject:** Change to Individual Income Tax Bracket - 7.75% (Draft LRB 1675)

Hi Marc,

We have what appears to be a late, but final change on the individual income tax draft LRB 1675. We're reverting back to the original scenario where taxpayers will be affected by a 7.75% tax bracket as follows: For single individuals, certain fiduciaries, and heads of households, this bracket applies to taxable income exceeding \$187,500. For married persons, this bracket applies to taxable income exceeding \$250,000 for joint filers and \$125,000 for separate filers.

It looks like we're at the finish line, so I don't expect any additional draft changes. Thanks for the help.

-Chad



State of Wisconsin  
2009 - 2010 LEGISLATURE

LRB-1675/5

MES:jld&kjf:ph

6  
RMR

DOA:.....Lillethun, BB0494 - Individual income tax; create a new upper bracket

FOR 2009-11 BUDGET -- NOT READY FOR INTRODUCTION

✓  
1

AN ACT ...; relating to: creating a new individual income tax upper bracket. ✓

*Analysis by the Legislative Reference Bureau*

**TAXATION**

**INCOME TAXATION**

Under current law, there are four income tax brackets for single individuals, certain fiduciaries, heads of households, and married persons. The brackets are indexed for inflation. The rate of taxation under current law for the lowest bracket for single individuals, certain fiduciaries, heads of households, and married persons is 4.6 percent of taxable income; the rate for the second bracket is 6.15 percent; the rate for the third bracket is 6.5 percent; and the rate for the highest bracket is 6.75 percent.

✓  
225,000  
Currently, the highest bracket applies to taxable income exceeding \$112,500 for single individuals, certain fiduciaries, and heads of households. For married persons, the highest current bracket applies to taxable income exceeding \$150,000 for joint filers and \$75,000 for separate filers.

This bill creates a fifth bracket with a taxation rate of 7.75 percent. For single individuals, certain fiduciaries, and heads of households, this bracket applies to taxable income exceeding ~~\$112,500~~ 300,000. For married persons, this bracket applies to taxable income exceeding ~~\$150,000~~ 150,000 for joint filers and ~~\$75,000~~ 150,000 for separate filers. This bracket is indexed for inflation starting with taxable year 2010.

300,000 ✓

150,000 ✓

For further information see the **state** fiscal estimate, which will be printed as an appendix to this bill.

***The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:***

1 **SECTION 1.** 71.06 (1p) (d) of the statutes is amended to read:

2 71.06 (1p) (d) On all taxable income exceeding \$112,500 but not exceeding  
3 ~~\$375,000~~ 6.75%.

4 **SECTION 2.** 71.06 (1p) (e) of the statutes is created to read:

5 71.06 (1p) (e) On all taxable income exceeding ~~\$375,000~~ 225,000, 7.75 percent. ✓

6 **SECTION 3.** 71.06 (2) (g) 4. of the statutes is amended to read:

7 71.06 (2) (g) 4. On all taxable income exceeding \$150,000 but not exceeding  
8 ~~\$500,000~~ 300,000, 6.75%.

9 **SECTION 4.** 71.06 (2) (g) 5. of the statutes is created to read:

10 71.06 (2) (g) 5. On all taxable income exceeding ~~\$500,000~~ 300,000, 7.75 percent. ✓

11 **SECTION 5.** 71.06 (2) (h) 4. of the statutes is amended to read:

12 71.06 (2) (h) 4. On all taxable income exceeding \$75,000 but not exceeding  
13 ~~\$250,000~~ 150,000, 6.75%.

14 **SECTION 6.** 71.06 (2) (h) 5. of the statutes is created to read:

15 71.06 (2) (h) 5. On all taxable income exceeding ~~\$250,000~~ 150,000, 7.75 percent. ✓

16 **SECTION 7.** 71.06 (2e) of the statutes is renumbered 71.06 (2e) (a) and amended  
17 to read:

18 71.06 (2e) (a) For taxable years beginning after December 31, 1998, and before  
19 January 1, 2000, the maximum dollar amount in each tax bracket, and the  
20 corresponding minimum dollar amount in the next bracket, under subs. (1m) and (2)  
21 (c) and (d), and for taxable years beginning after December 31, 1999, the maximum

1 dollar amount in each tax bracket, and the corresponding minimum dollar amount  
2 in the next bracket, under subs. (1n), (1p) (a) to (c), and (2) (e), (f), (g) 1. to 3., and (h)  
3 1. to 3., shall be increased each year by a percentage equal to the percentage change  
4 between the U.S. consumer price index for all urban consumers, U.S. city average,  
5 for the month of August of the previous year and the U.S. consumer price index for  
6 all urban consumers, U.S. city average, for the month of August 1997, as determined  
7 by the federal department of labor, except that for taxable years beginning after  
8 December 31, 2000, and before January 1, 2002, the dollar amount in the top bracket  
9 under subs. (1p) (c) and (d), (2) (g) 3. and 4. and (h) 3. and 4. shall be increased by a  
10 percentage equal to the percentage change between the U.S. consumer price index  
11 for all urban consumers, U.S. city average, for the month of August of the previous  
12 year and the U.S. consumer price index for all urban consumers, U.S. city average,  
13 for the month of August 1999, as determined by the federal department of labor.  
14 Each amount that is revised under this ~~subsection~~ paragraph shall be rounded to the  
15 nearest multiple of \$10 if the revised amount is not a multiple of \$10 or, if the revised  
16 amount is a multiple of \$5, such an amount shall be increased to the next higher  
17 multiple of \$10. The department of revenue shall annually adjust the changes in  
18 dollar amounts required under this ~~subsection~~ paragraph and incorporate the  
19 changes into the income tax forms and instructions.

20 **SECTION 8.** 71.06 (2e) (b) of the statutes is created to read:

21 71.06 (2e) (b) For taxable years beginning after December 31, 2009, the  
22 maximum dollar amount in each tax bracket, and the corresponding minimum dollar  
23 amount in the next bracket, under subs. (1p) (d) and (2) (g) 4. and (h) 4., and the dollar  
24 amount in the top bracket ✓ under subs. (1p) (e) and (2) (g) 5. and (h) 5., shall be  
25 increased each year by a percentage equal to the percentage change between the U.S.

1 consumer price index for all urban consumers, U.S. city average, for the month of  
2 August of the previous year and the U.S. consumer price index for all urban  
3 consumers, U.S. city average, for the month of August 2008, as determined by the  
4 federal department of labor. Each amount that is revised under this paragraph shall  
5 be rounded to the nearest multiple of \$10 if the revised amount is not a multiple of  
6 \$10 or, if the revised amount is a multiple of \$5, such an amount shall be increased  
7 to the next higher multiple of \$10. The department of revenue shall annually adjust  
8 the changes in dollar amounts required under this paragraph and incorporate the  
9 changes into the income tax forms and instructions.

10 **SECTION 9.** 71.09 (11) (f) of the statutes is created to read:

11 71.09 (11) (f) The taxpayer has underpaid the taxpayer's estimated taxes due  
12 to the change in brackets under s. 71.06 (1p) (e) and (2) (g) 5. and (h) 5. This  
13 paragraph applies only in the first taxable year to which these bracket changes apply.

14 **SECTION 9343. Initial applicability; Revenue.**

15 (1) INDIVIDUAL INCOME TAX BRACKETS. The treatment of sections 71.06 (1p) (d)  
16 and (e) and (2) (g) 4. and 5. and (h) 4. and 5. and 71.09 (11) (f) of the statutes first  
17 applies to taxable years beginning on January 1 of the year in which this subsection  
18 takes effect, except that if this subsection takes effect after August 31 the treatment  
19 of sections 71.06 (1p) (d) and (e) and (2) (g) 4. and 5. and (h) 4. and 5. and 71.09 (11)  
20 (f) of the statutes first applies to taxable years beginning on January 1 of the year  
21 following the year in which this subsection takes effect.

22 (END)



State of Wisconsin  
2009 - 2010 LEGISLATURE

LRB-1675/6  
MES:jld&kjf:jf

DOA:.....Lillethun, BB0494 - Individual income tax; create a new upper bracket

FOR 2009-11 BUDGET -- NOT READY FOR INTRODUCTION

1 **AN ACT ...; relating to:** creating a new individual income tax upper bracket.

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*Analysis by the Legislative Reference Bureau*

**TAXATION**

**INCOME TAXATION**

Under current law, there are four income tax brackets for single individuals, certain fiduciaries, heads of households, and married persons. The brackets are indexed for inflation. The rate of taxation under current law for the lowest bracket for single individuals, certain fiduciaries, heads of households, and married persons is 4.6 percent of taxable income; the rate for the second bracket is 6.15 percent; the rate for the third bracket is 6.5 percent; and the rate for the highest bracket is 6.75 percent.

Currently, the highest bracket applies to taxable income exceeding \$112,500 for single individuals, certain fiduciaries, and heads of households. For married persons, the highest current bracket applies to taxable income exceeding \$150,000 for joint filers and \$75,000 for separate filers.

This bill creates a fifth bracket with a taxation rate of 7.75 percent. For single individuals, certain fiduciaries, and heads of households, this bracket applies to taxable income exceeding \$225,000. For married persons, this bracket applies to taxable income exceeding \$300,000 for joint filers and \$150,000 for separate filers. This bracket is indexed for inflation starting with taxable year 2010.

For further information see the *state* fiscal estimate, which will be printed as an appendix to this bill.

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***The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:***

1       **SECTION 1.** 71.06 (1p) (d) of the statutes is amended to read:

2       71.06 (**1p**) (d) On all taxable income exceeding \$112,500 but not exceeding  
3       \$225,000, 6.75%.

4       **SECTION 2.** 71.06 (1p) (e) of the statutes is created to read:

5       71.06 (**1p**) (e) On all taxable income exceeding \$225,000, 7.75 percent.

6       **SECTION 3.** 71.06 (2) (g) 4. of the statutes is amended to read:

7       71.06 (**2**) (g) 4. On all taxable income exceeding \$150,000 but not exceeding  
8       \$300,000, 6.75%.

9       **SECTION 4.** 71.06 (2) (g) 5. of the statutes is created to read:

10       71.06 (**2**) (g) 5. On all taxable income exceeding \$300,000, 7.75 percent.

11       **SECTION 5.** 71.06 (2) (h) 4. of the statutes is amended to read:

12       71.06 (**2**) (h) 4. On all taxable income exceeding \$75,000 but not exceeding  
13       \$150,000, 6.75%.

14       **SECTION 6.** 71.06 (2) (h) 5. of the statutes is created to read:

15       71.06 (**2**) (h) 5. On all taxable income exceeding \$150,000, 7.75 percent.

16       **SECTION 7.** 71.06 (2e) of the statutes is renumbered 71.06 (2e) (a) and amended  
17       to read:

18       71.06 (**2e**) (a) For taxable years beginning after December 31, 1998, and before  
19       January 1, 2000, the maximum dollar amount in each tax bracket, and the  
20       corresponding minimum dollar amount in the next bracket, under subs. (1m) and (2)  
21       (c) and (d), and for taxable years beginning after December 31, 1999, the maximum



dollar amount in each tax bracket, and the corresponding minimum dollar amount in the next bracket, under subs. (1n), (1p) (a) to (c), and (2) (e), (f), (g) 1. to 3., and (h) 1. to 3., shall be increased each year by a percentage equal to the percentage change between the U.S. consumer price index for all urban consumers, U.S. city average, for the month of August of the previous year and the U.S. consumer price index for all urban consumers, U.S. city average, for the month of August 1997, as determined by the federal department of labor, except that for taxable years beginning after December 31, 2000, and before January 1, 2002, the dollar amount in the top bracket under subs. (1p) (c) and (d), (2) (g) 3. and 4. and (h) 3. and 4. shall be increased by a percentage equal to the percentage change between the U.S. consumer price index for all urban consumers, U.S. city average, for the month of August of the previous year and the U.S. consumer price index for all urban consumers, U.S. city average, for the month of August 1999, as determined by the federal department of labor. Each amount that is revised under this subsection paragraph shall be rounded to the nearest multiple of \$10 if the revised amount is not a multiple of \$10 or, if the revised amount is a multiple of \$5, such an amount shall be increased to the next higher multiple of \$10. The department of revenue shall annually adjust the changes in dollar amounts required under this subsection paragraph and incorporate the changes into the income tax forms and instructions.

**SECTION 8.** 71.06 (2e) (b) of the statutes is created to read:

71.06 (2e) (b) For taxable years beginning after December 31, 2009, the maximum dollar amount in each tax bracket, and the corresponding minimum dollar amount in the next bracket, under subs. (1p) (d) and (2) (g) 4. and (h) 4., and the dollar amount in the top bracket under subs. (1p) (e) and (2) (g) 5. and (h) 5., shall be increased each year by a percentage equal to the percentage change between the U.S.

1 consumer price index for all urban consumers, U.S. city average, for the month of  
2 August of the previous year and the U.S. consumer price index for all urban  
3 consumers, U.S. city average, for the month of August 2008, as determined by the  
4 federal department of labor. Each amount that is revised under this paragraph shall  
5 be rounded to the nearest multiple of \$10 if the revised amount is not a multiple of  
6 \$10 or, if the revised amount is a multiple of \$5, such an amount shall be increased  
7 to the next higher multiple of \$10. The department of revenue shall annually adjust  
8 the changes in dollar amounts required under this paragraph and incorporate the  
9 changes into the income tax forms and instructions.

10 **SECTION 9.** 71.09 (11) (f) of the statutes is created to read:

11 71.09 (11) (f) The taxpayer has underpaid the taxpayer's estimated taxes due  
12 to the change in brackets under s. 71.06 (1p) (e) and (2) (g) 5. and (h) 5. This  
13 paragraph applies only in the first taxable year to which these bracket changes apply.

14 **SECTION 9343. Initial applicability; Revenue.**

15 (1) INDIVIDUAL INCOME TAX BRACKETS. The treatment of sections 71.06 (1p) (d)  
16 and (e) and (2) (g) 4. and 5. and (h) 4. and 5. and 71.09 (11) (f) of the statutes first  
17 applies to taxable years beginning on January 1 of the year in which this subsection  
18 takes effect, except that if this subsection takes effect after August 31 the treatment  
19 of sections 71.06 (1p) (d) and (e) and (2) (g) 4. and 5. and (h) 4. and 5. and 71.09 (11)  
20 (f) of the statutes first applies to taxable years beginning on January 1 of the year  
21 following the year in which this subsection takes effect.

22 (END)